

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 600 – HB 651

March 4, 2015

SUMMARY OF ORIGINAL BILL: Authorizes parents of students enrolled in a public school that has been designated as being in the bottom 10 percent as determined by the performance standards and other criteria set by the State Board of Education to petition the local board of education for conversion of the school to a public charter school or the restructuring of the school under the transformation or turnaround models. Parents who sign a petition shall also sign a pledge to participate in their child's education and work with the local board of education and school during and after the school's restructuring. Sets forth the minimum required changes for schools that are restructured under the transformation and turnaround models including the dismissal of the current school principal. Petitions shall be signed by at least 51 percent of the parents enrolled at the school. Each household shall receive one vote for each enrolled student. Once a petition and pledge is received, the local board of education shall have 60 days to verify petition and pledge signatures.

Requires the local education agency to proceed with the restructuring of the school if the petition and pledge signatures are verified to be accurate. Sets forth the timeframe in which restructured schools shall begin operation. If, after the verification process, a petition and pledge does not have the required number of signatures, parents shall have 30 days to gather additional signatures. At the end of the 30 days, if there are not enough signatures, the school shall not be restructured.

Authorizes the former principal and teachers who are not retained after the school is restructured to be transferred within the school system in accordance with the Tenn. Code Ann. § 49-5-510. Requires local education agencies (LEAs) to form a community support council for the school consisting of parents, community leaders, teachers or staff, and students if the restructured school is a high school. Sets forth the duties and membership ratios of the community support council.

Authorizes the transition of a regular public school to a public charter school if 60 percent of the teachers employed at the regular public school make such petition and the LEA agrees to the conversion. Authorizes parents of students in a regular public school that is not in the bottom 10 percent according to performance measures to petition for the conversion of their school to a public charter school; such charter schools shall be required to form a community support council. Requires the Comptroller's Office of Research and Education Accountability (OREA) to study the effects of the community support council on the success of the restructuring process after five schools have been restructured. OREA shall make a report to the Education Committees of the General Assembly within two years of the fifth restructured school becoming operational.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact - To the extent that parents successfully petition for the restructuring of a school, there will be a mandatory increase in local expenditures estimated to exceed \$100,000*. Successful petitions to a public charter school model will also require a transfer of state and local funding from the LEA to the public charter school. The amount of any such transfer cannot be quantified and is dependent upon multiple unknown factors.

SUMMARY OF AMENDMENT (003683): Adds language to Section 1 of the bill and requires turnaround options to be implemented within existing LEA budgets. Authorizes LEAs to apply for grants to fund school turnarounds or request personnel or financial assistance from the Department of Education

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Not Significant

Other Fiscal Impact – To the extent that parents successfully petition for the restructuring of a school and implementation is possible within the LEA’s existing budget, there will be a mandatory reallocation of local expenditures, estimated to exceed \$100,000, to effectuate the restructuring. To the extent that parental petitions are successful and the LEA’s budget is not sufficient to implement the restructuring, the restructuring will not take place, and the increase in local expenditures is estimated to be not significant.

LEAs may receive additional funding from grants; however any increase in local revenue from grants is unable to be reasonably quantified. Successful petitions to a public charter school model will require a transfer of state and local funding from the LEA to the public charter school. The amount of any such transfer is not able to be quantified and is dependent upon multiple unknown factors.

Assumptions for the bill as amended:

- A petition to restructure a school that is not able to be implemented within the existing budget of an LEA will not be effected. Any increase in local expenditures is estimated to be not significant.
- The state is not required or specifically authorized to provide financial or personnel assistance for the restructuring of a school. It is assumed that the state will not provide financial assistance for this purpose. Any increase in state expenditures is estimated to be not significant.
- No change in the Basic Education Program (BEP) funding formula.

- The fiscal impact on local government expenditures will be dependent upon the type of the conversion and its implementation. The fiscal impact will vary from LEA to LEA and from school to school.
- Based on information received from the Comptroller, local expenditures may include additional or new staff for the restructured school, hiring of new staff at other schools in the LEA to which students may transfer, professional development, expansion of the school day, implementation of a revised or new instructional program, and technical assistance from the LEA or education management organization. Given the extent of the unknown factors, a precise impact cannot be reasonably determined. However, any reallocation in local expenditures from current budgetary resources is reasonably estimated to exceed \$100,000.
- The number and type of petitions for conversions that will be successful is unknown.
- The community support council will not receive compensation from state or local funding sources.
- Any increase in state expenditures to perform the study is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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